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May 21, 2014

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: John Naimo 
Acting Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES – REVIEWS OF WORKFORCE
INVESTMENT ACT SERVICE PROVIDERS – FISCAL YEAR 2012-13
SUMMARY REPORT**

At the request of Community and Senior Services (CSS), we completed program, fiscal, and administrative contract compliance reviews of all 27 Workforce Investment Act (WIA) Program service providers. The WIA Programs assist individuals in obtaining employment, retaining their jobs, and increasing their earnings.

CSS paid the 27 contractors a total of approximately \$28.5 million on a cost-reimbursement basis for Fiscal Year (FY) 2012-13. Our reviews covered a sample of transactions for each service provider from FY 2012-13 and FY 2011-12.

Results of Reviews

We identified \$503,029 in questioned costs billed to the WIA Programs by various providers. Specifically, of the 27 contractors:

- Fourteen (52%) billed CSS \$163,740 in unsupported and/or unallowable expenditures.
- Nine (33%) billed CSS a total of \$297,178 in unsupported and/or unallowable close-out expenditures from FY 2011-12.

- Three (11%) billed CSS a total of \$38,112 in unsupported and/or unallowable payroll expenditures.
- One (4%) billed CSS \$3,999 for program services related to a non-WIA participant.

In addition, some WIA service providers did not always comply with all WIA and County contract requirements. Specifically, of the 27 contractors:

- Twelve (44%) did not accurately report client information or program activities in the Job Training Automation System, and/or properly maintain client case files as required.
- Nine (33%) did not maintain adequate internal controls and/or was not in compliance with other WIA and County contract requirements, such as maintaining documents to adequately support their Resource Sharing Agreements.
- Seven (26%) did not accurately report monthly accruals to CSS as required.
- Two (7%) did not submit the Rapid Response Form 121 and/or respond to the worker adjustment and retraining notifications within the required timeframe.
- Two (7%) did not obtain criminal clearances of staff as required.
- Two (7%) contractors' Single Audit Reports for FY 2011-12 disclosed significant weaknesses or were not provided for review.

Based on the results of our review, CSS didn't extend WIA contracts for one provider and placed the provider on the Contractor Alert Reporting Database. The questioned costs for each service provider and contract compliance issues noted in our reviews are detailed in Attachment.

Review of Reports

We discussed our reports with CSS and each WIA service provider. CSS management indicated they will resolve the remaining questioned costs and contract compliance issues in accordance with their Resolution Procedures Directive.

Due to the number of service providers, we did not attach copies of the individual reports. However, copies of the individual reports are available for your review upon request. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:yp

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Jerry Gaines, Chair, Workforce Investment Board
Richard Dell, Chair, Workforce Investment Board Finance Committee
Public Information Office
Audit Committee

Community and Senior Services
WIA Contract Reviews – Summary of Questioned Costs and Findings
Fiscal Year 2012-13

Attachment

#	Service Provider	Contract Amount (Rounded)	# of Recos.	Findings										Total Questioned Costs Reported
				A	B	C	D	E	F	G	H	I	J	
1	Antelope Valley Workforce Development Consortium	\$ 1,800,000	2					X	X					\$ -
2	Arbor E&T, LLC (ResCare Workforce Services)	\$ 1,900,000	5				\$ 1,321		X				\$ 2,722	\$ 4,043
3	Asian American Drug Abuse Program, Inc.	\$ 30,000	3		X						\$ 384			\$ 384
4	Career Partners (West San Gabriel Valley Consortium)	\$ 1,400,000	7				\$116,724	X		X	\$ 37,408		\$265,978	\$ 420,110
5	Archdiocesan Youth Employment Services of Catholic Charities of Los Angeles, Inc.	\$ 1,449,000	1						X					\$ -
6	Chicana Service Action Center, Inc.	\$ 495,000	2				\$ 2,300							\$ 2,300
7	City of Compton – Compton CareerLink	\$ 594,000	3		X		(1)			X				\$ -
8	City of Palmdale	\$ 675,000	6	\$ 3,999			\$ 6,750	X					\$ 4,500	\$ 15,249
9	Comprehensive Community Services of South Bay, Inc.	\$ 205,000	6		X		\$ 2,031		X					\$ 2,031
10	Community Career Development, Inc.	\$ 936,000	1									X		\$ -
11	Door of Hope Community Center, Inc.	\$ 190,000	0											\$ -
12	Human Services Consortium of the East San Gabriel Valley dba LA Works	\$ 3,500,000	4		X		(1)	X	X					\$ -
13	Goodwill Industries of Southern California	\$ 2,500,000	7		X	X		X			\$ 320		\$ 6,052	\$ 6,372
14	Hub Cities Consortium	\$ 4,300,000	6		X		(1)	X					\$ 6,872	\$ 6,872
15	Jewish Vocational Service – West Hollywood	\$ 676,000	2				\$ 4,030							\$ 4,030
16	Jewish Vocational Service – West Los Angeles	\$ 521,000	0											\$ -
17	Los Angeles Community College District – Los Angeles Mission College	\$ 369,000	2				(1)						(1)	\$ -
18	Los Angeles County Office of Education	\$ 1,008,000	1		X									\$ -
19	Los Angeles Urban League – Pomona	\$ 761,000	5		X		\$ 16,744	X					\$ 2,280	\$ 19,024
20	Los Angeles Urban League – South Central	\$ 1,086,000	4		X		\$ 13,840	X						\$ 13,840
21	Managed Career Solutions, Inc. – West San Gabriel Valley	\$ 744,000	4				(1)		X				\$ 3,608	\$ 3,608
22	Managed Career Solutions, Inc. – Northeast San Gabriel Valley	\$ 319,000	5					X	X			X	\$ 5,166	\$ 5,166
23	Maravilla Foundation	\$ 277,000	0											\$ -
24	Mexican American Opportunity Foundation	\$ 165,000	1		X									\$ -
25	Southeast Area Social Service Funding Authority	\$ 2,300,000	3		X	X	(1)							\$ -

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Fiscal Year 2012-13

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#	Service Provider	Contract Amount (Rounded)	# of Recos.	Findings										Total Questioned Costs Reported
				A	B	C	D	E	F	G	H	I	J	
26	Special Service for Groups	\$ 255,000	0											\$ -
27	Watts Labor Community Action Committee	\$ 83,000	1		X									\$ -
TOTALS		\$ 28,538,000	81	1	12	2	14	9	7	2	3	2	9	
				\$ 3,999	44%	7%	\$163,740	33%	26%	7%	\$ 38,112	7%	\$297,178	\$ 503,029

Code Summary

- A** Did not maintain adequate documentation to support client eligibility.
- B** Did not accurately report client information or activities in the Job Training Automation System, and/or properly maintain client case files.
- C** Did not submit Rapid Response Form 121 and/or respond to the worker adjustment and retraining notifications within the required timeframe.
- D** Billed for unsupported and/or unallowable expenditures.
- E** Did not maintain adequate internal controls and/or was not in compliance with other WIA and County contract requirements.
- F** Did not accurately report monthly accruals to CSS.
- G** Agency's Single Audit disclosed weaknesses, or the Single Audit report was not provided.
- H** Billed for payroll expenditures that were unsupported and/or unallowable.
- I** Did not obtain criminal clearances of staff as required.
- J** Billed for unsupported and/or unallowable FY 2011-12 final close-out expenditures.

Footnote

- (1) The questioned costs were immaterial, or the contractor repaid or credited CSS prior to the issuance of our report.